

**INSIDE THIS ISSUE:**

- Stock Market Today
- Say What?
- Notable Numbers

**KEY TAKEAWAYS**

- ⇒ *Some investment pros have turned decidedly bullish in recent days. Do we follow the herd or follow another path?*
- ⇒ *We have identified top 4 ways to make money in stocks*
- ⇒ *For example, buy back-to-school stocks now before the rest of the market*
- ⇒ *This low-priced NASDAQ stock is looking great on a technical and valuation basis, and its industry is very much in favor*

**THE MAJOR INDICES**

| <u>Index</u> | <u>Close</u> | <u>2016</u> |
|--------------|--------------|-------------|
| DJIA         | 18,571       | 6.4%        |
| S&P 500      | 2175         | 6.4%        |
| NASDAQ       | 5100         | 1.9%        |
| Russell 2000 | 1213         | 6.8%        |

(figures are rounded)

**FOLLOW THE HERD OR GIVE THEM THE BIRD?**

I am probably just as conflicted as the next guy. Do we follow the herd that has been the recipient of record highs of late? If so, is this what will happen?



Alternatively, should we break ranks and do the opposite in such a vociferous fashion that it seems as if we are giving bulls the bird? And wouldn't they eat that bird if they are on a roll?

Here are my top 4 ways to make money in stocks right now:

1. Buy stocks that have a high RSI and are good thematic and earnings-based investments, like Taser (NASDAQ—TASR—NR) which we have highlighted in successive weeks.
2. Stay ahead of the curve. No one is thinking about back-to-school season yet, but they will and that means you should buy stocks in this group now.
3. Middling performing stocks will stay that way, so stay away.
4. At some point, low RSI stocks that are oversold will move higher, such as after earnings. Start making your list. We picked a real good one for the latest 30-30 Report.

## The Stock Market Today

| U.S. Stock Market Index Performance<br>7/22/2016 |        |          |           |         |          |            |            |                 |
|--|--------|----------|-----------|---------|----------|------------|------------|-----------------|
| Index  | Close  | 52-Wk Hi | 52-Wk Low | Hi Date | Low Date | % off High | % from Low | % Above 200-DMA |
| DJIA   | 18,571 | 18,557   | 15,370    | 7/20/16 | 8/24/15  | -0.1%      | 20.8%      | 6.7%            |
| S&P 500  | 2,175  | 2,169    | 1,810     | 7/20/16 | 2/11/16  | -0.3%      | 20.2%      | 6.8%            |
| NASDAQ   | 5,100  | 5,232    | 4,210     | 7/23/15 | 2/11/16  | 2.5%       | 21.1%      | 5.4%            |
| Russell 2000                                     | 1,213  | 1,276    | 943       | 7/23/15 | 2/11/16  | 4.9%       | 28.6%      | 8.5%            |
| Average  |        |          |           |         |          | 1.8%       | 22.7%      | 6.9%            |

Sources: www.BarChart.com, Goldman Small Cap Research

As you have probably surmised from our “top four” list, you need to have exposure to the consumer discretionary space—a mantra we have had since the end of June. Earnings will be pretty good in this industry and that is before the back-to-school season. I would select stocks from two segments: casual dining and apparel (for kids), also ideas on which we have been bullish. It should be noted that last week the Dow Jones Clothing Index and the Dow Jones Restaurant Index both performed better than all non-utility indices aside from real estate.

Speaking of real estate, I am kicking myself a bit. I was strongly considering **Bankrate (NASDAQ—BANK—\$8.13—NR)**, which has bounced nicely off its recent low. The stock is still 50% off of its 52-week high, just broke above its 20DMA and is primed to do the same to the 50DMA. For the uninitiated, **RATE** is a leading online publisher, aggregator, and distributor of personal finance content. Bankrate aggregates large scale audiences of in-market consumers by providing them with content across multiple vertical categories including mortgages, deposits, credit cards, and other categories. Its flagship sites Bankrate.com, CreditCards.com, and Caring.com are leading destinations.

With EPS forecasts of \$0.50 and \$0.56 next year, and a history of beating projections 2 of the last 3 quarters, we seen RATE reaching \$10 in by year-end.

## Say What?



Great info, insights, and hard-hitting stories make up this week's *Say What?* feature...

### The New York Times

[http://www.nytimes.com/2016/07/25/business/sponsored-content-takes-larger-role-in-media-companies.html?ref=business&\\_r=0](http://www.nytimes.com/2016/07/25/business/sponsored-content-takes-larger-role-in-media-companies.html?ref=business&_r=0)

Hello!

### Marketwatch

<http://www.marketwatch.com/story/technical-analyst-is-this-bull-market-just-a-bull-trap-2016-07-23>

A real question, in our view.

### USA Today

<http://www.usatoday.com/story/money/markets/2016/07/24/why-lithium-see-another-price-spike-fall/87031020/>

An important hot space that will only get hotter.

### Bloomberg

<http://www.bloomberg.com/news/articles/2016-07-24/buying-deepest-stock-dips-in-2016--returned-three-times-s-p-500>

Bit what about ahead?

### ZeroHedge

<http://www.zerohedge.com/news/2016-07-23/goldman-last-two-times-pe-multiples-expanded-much-result-was-historic-crash>

Uh-oh.

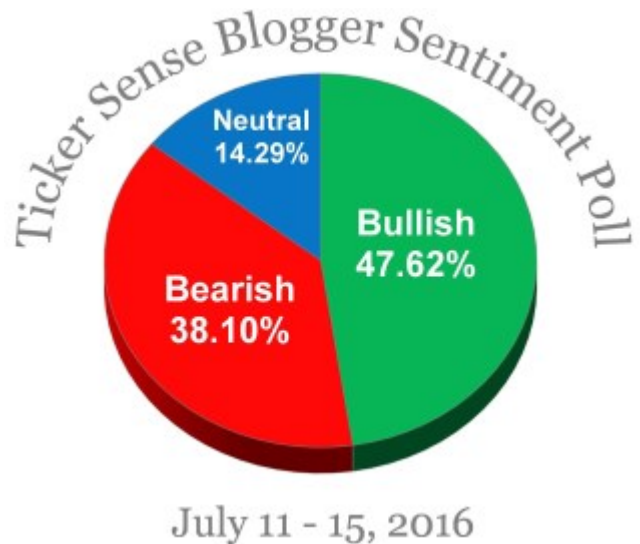
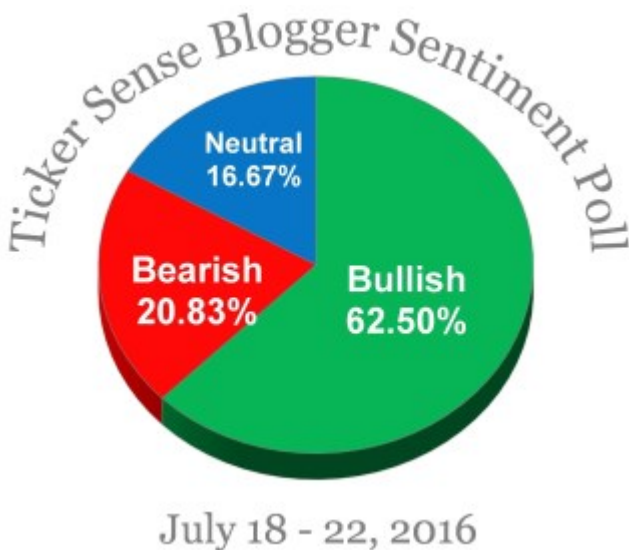
## Notable Numbers

### AAll Sentiment Survey (figures rounded)

|         | <u>Current</u> | <u>Last Week</u> | <u>Long Term Avg</u> |
|---------|----------------|------------------|----------------------|
| Bullish | 35%            | 37%              | 39%                  |
| Neutral | 38%            | 39%              | 31%                  |
| Bearish | 27%            | 24%              | 30%                  |



Holy crap! What a crazy move to the upside in the Bullish category for the Ticker Sense poll. Is it sustainable through earnings season or will it drop thereafter? If I had to bet on it, I would say yes and then yes. As to this week, I suspect that if Hillary Clinton's policies are viewed favorably at this week's DNC, we could get a little rally at week's end. I for one don't believe Trump has a chance. It is just too much of an uphill battle. So, you might as well start paying attention to Democratic policies and how that will affect the markets going forward.





# The Goldman Guide

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